

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: HB 320 HLS 09RS 873
Bill Text Version: REENGROSSED
Opp. Chamb. Action: w/ SEN COMM AMD
Proposed Amd.:
Sub. Bill For.:

Table with 2 rows and 2 columns. Row 1: Date: June 9, 2009 6:41 PM, Author: GALLOT. Row 2: Dept./Agy.: Revenue, Analyst: Deborah Vivien. Row 3: Subject: Adds glass manufacturer NAICS 327213 to MM&E Exclusion.

TAX EXEMPTIONS RE1 NO IMPACT GF RV See Note Page 1 of 1
Authorizes an exemption from state and local sales taxes for certain machinery and equipment

Current law phases in an exclusion from the state sales tax on manufacturing machinery and equipment eligible for federal income tax depreciation and integral to the manufacturing process. Currently, the exclusion is from 68% of the tax, and will from 100% of the tax on July 1, 2009 and thereafter. Equipment used by motor vehicle manufacturers has been 100% excluded from tax since July 1, 2007. Political subdivisions of the state have the option of allowing the exclusion on local sales tax.

Proposed law retains current law but adds glass container manufacturers within the NAICS sector 327213 to the state exclusion for motor vehicle manufacturers. A local option is also provided. The local option is intended to be retroactive, remedial and curative. Effective upon governor's signature.

Table with 7 columns: EXPENDITURES, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total. Similar structure for REVENUES.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

According to the Department of Revenue, there are two entities in the state that fit this industrial code classification and they are already subject to the phase out of the state sales tax on their purchases of eligible machinery and equipment. Thus, the bill appears to have no effect on state tax collections. These entities would also presumably already be subject to the local option provisions of the exclusion law, although, the bill appears to be making this explicit as well as making it retroactive, remedial and curative.

Senate Dual Referral Rules
13.5.1 >= \$500,000 Annual Fiscal Cost
13.5.2 >= \$500,000 Annual Tax or Fee Change

House
6.8(F) >= \$500,000 Annual Fiscal Cost
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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